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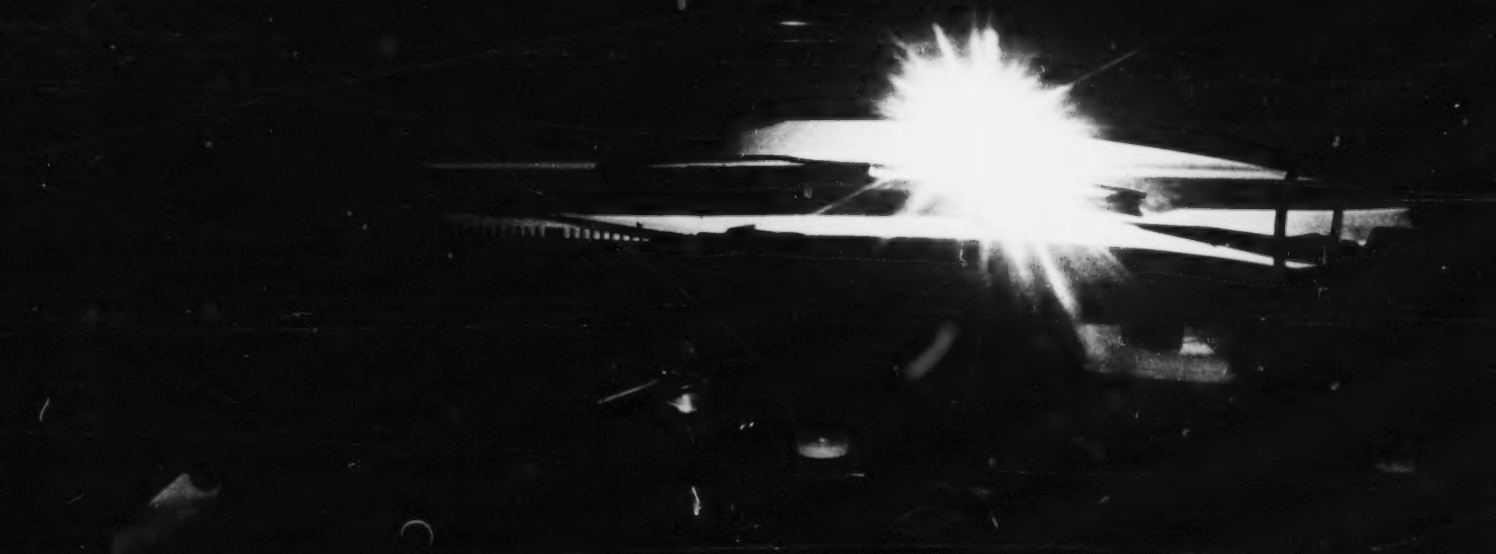
MAY 1989

Can The DIYers Who Shop In Your Store Fix This Car?



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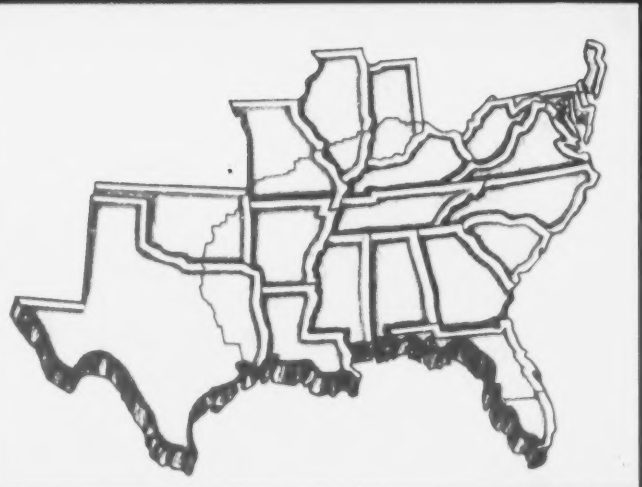

For a look at DIYers in the Old South, see page 40

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DIYers can still fix their own vehicles. But retailers will have to help them in new ways if they want to keep DIYers—and themselves—in the parts business. In this first part of a three part series, we look at the issue of DIYability and at four automotive systems DIYers can fix with your help.

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DIYability & The Exhaust System 37

DIYability & The Brake System 38

DIYability & Computer Engine Controls 39

A Look At Marketing Regions: The Old South 40
In this second part of a series on the consumers in different areas and the automotive products they buy, we take a close look at Old South DIYers, the products they buy, and the stores they shop. This series will help you to better market your store and your products to the customers in this, and other regions.

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PUBLISHER'S NOTES

MAKING THE DIY MARKET

In this issue, we confront "The Big Lie."

That's our term for the statement that today's, and tomorrow's, cars aren't going to be "fixable" by do-it-yourselfers.

Senior News & Feature Editor John Wirebach and Contributing Editor David A. Evans examine the critical issue of the future of automotive DIYability in a series beginning in this issue.

They conclude that we aren't doing enough for DIYers, but that there's plenty we can, and should, do. If, in fact, we don't make the effort, the doomsayers may have their way. Check out their theory, and specifics on how changes in automotive systems will change the DIYing future. We'll continue our analysis of this important issue as 1989 progresses.

We provide you with a glimpse at some available automotive training programs, too.

We're anxious for your opinions on the DIYability topic.

Research Editor P.R.N. Katcher is back with the second in our market series about regional DIY customers. The Old South, he's found, indeed has unique consumer demographics in many ways.

Market Line looks at the clean air issue, and Detailing The Market brings you our business's headlines. Send us your news, and your views! ■

Sarah J. Frankson
Group Publisher

DETAILING THE MARKET

IN-STORE FOCUS

Auto Max Inc.
Headquarters: 115 E. Lake St., Minneapolis, MN 55408
(612) 825-6666
Locations: 12
Total Corp. Sales: $10,000,000 (est.)
Average SKUs: 1,500-2,000
Founded: 1985

Here is a quick-service business facing formidable odds.

Auto Max Inc. was founded in January 1985 by a Midas dealer, a franchise rep for another car care company, and a real estate entrepreneur. Long-time friends, these men decided to go into business for themselves. The partners wanted to set up a business that would succeed because of expert repair service and adequate inventories at the installation shops, and they wanted to side step the inventory and cash flow problems which have plagued similar businesses. The philosophy behind the centers is excellent service – to franchisees and consumers alike.

They opened their first two outlets in Minneapolis that January. At the same time, they built a small distribution center with an eye toward a smooth product flow.

Currently, the warehouse also sells wholesale to jobbers – about 35% of the firm's profits come from the warehouse business.

Billed as discount muffler and brake shops, the first Auto Max centers also provided service on shocks, alignment, air conditioning, and radiators.

Most of the outlets have five service bays. Some have as few as four, and some as many as eight. Auto Max performs the typical fast jobs but nothing too complex.

Clarence Johnson, the firm's president said, "The service concept took off and the stores were successful." Surrounded by impressive quick service competition, the business went into a "rapid expansion mode," according to Johnson. "We laid down the framework for growth, and set up good programs with vendors," he said.

"We're very successful at developing franchise stores," Johnson added. "Our biggest challenge was to arrange financing for the franchising."

The rapid growth period (until June 1988) yielded 12 stores – six franchise, six company run – all "significantly profitable," according to Johnson.

Now the company is poised at a crossroads. Having invested a great deal in creating a 12-store base, and surrounded by bigger and more established service franchises, the business is in a position to grab a bigger share of market – or to succumb to competitive pressures.

Management knows this, and has dug in for the fight. At this point, Auto Max management is working with what it has to maximize profits and cash flow situation.

"The first six months of this year are crucial," explained Johnson. "We have no plans for growth during this time. But we are very optimistic about the future. Our foundation is strong; all our operating units are very profitable."

If all goes well, the ultimate plan is to "fully saturate the Twin Cities market," in Johnson's words, within the next two years. Next, a decision will be made regarding expansion beyond the Twin Cities area. Management has not yet decided what franchise/company store mix it wants.

Auto Max is targeted toward the 25-54-year-old male, but is also concentrating on luring the female customer. According to Johnson, approximately 65% of the customer base is male. The business hopes to build its female customer base by continuing its policy of running clean stores, with niceties like magazine racks and Ladies' Day promotions.

To gain customers away from other quick service concerns, Auto Max employs its only lure – image. Using radio, newspaper ads, and direct mail, the firm bills itself as a low-price (not the lowest) high-quality alternative to other quick-service businesses in the area. According to Johnson, this has helped develop a fiercely loyal customer base. "Once a customer is established, people come back," he said.

Whether that base is large enough for Auto Max to carve its own niche remains to be seen.

DETAIL

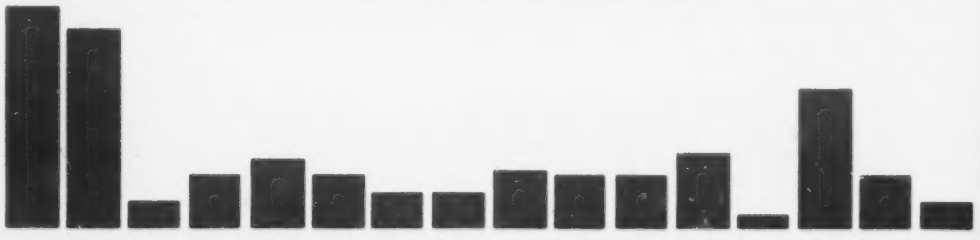
5%

more belts and hoses should be sold in 1989 than were in 1988, according to Wayne Manthei, manager automotive replacement products for Goodyear, Akron, OH.

PROFILE: BATTERY DIYers

Drawing from the 1989 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who purchased and installed batteries during the year prior to the study.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	89.6%	10.4%	16.6%	31.4%	22.6%	13.1%	16.4%	26.4%	18.9%	16.8%	34.4%	4.9%	62.8%	20.2%	12.0%



REGIONAL MARKETS:
A LOOK AT THE OLD SOUTH

by P.R.N. Katcher, Research Editor

The area we call the "Old South" conforms rather closely to an area University of North Carolina sociologist John Shelton Reed described in the June 1976 issue of *Social Forces* magazine. He based his map of the area by going through the telephone directories of 100 cities in 40 states and counting businesses in them whose names included the word "Dixie."

Anyone who would use the word associated with the Old South's nickname would, he assumed, consider himself a true Southerner. And, places where a large proportion of such-named businesses existed would have a larger than normal Southern population.

The general boundaries of the area he found in which at least 6% of businesses were named "Dixie" match the general boundaries of the area we call the "Old South." Interestingly, in both cases, some areas not traditionally considered "Southern," such as southern Oklahoma, are actually quite Southern in attitudes and mores.

There are more stereotyped images of the area we call the Old South than there are of any other region in the U.S.—pick-up trucks with gun racks and Confederate Naval Jacks, good old boys sitting on rotting porches, sipping moonshine, while dogs lay under their feet.

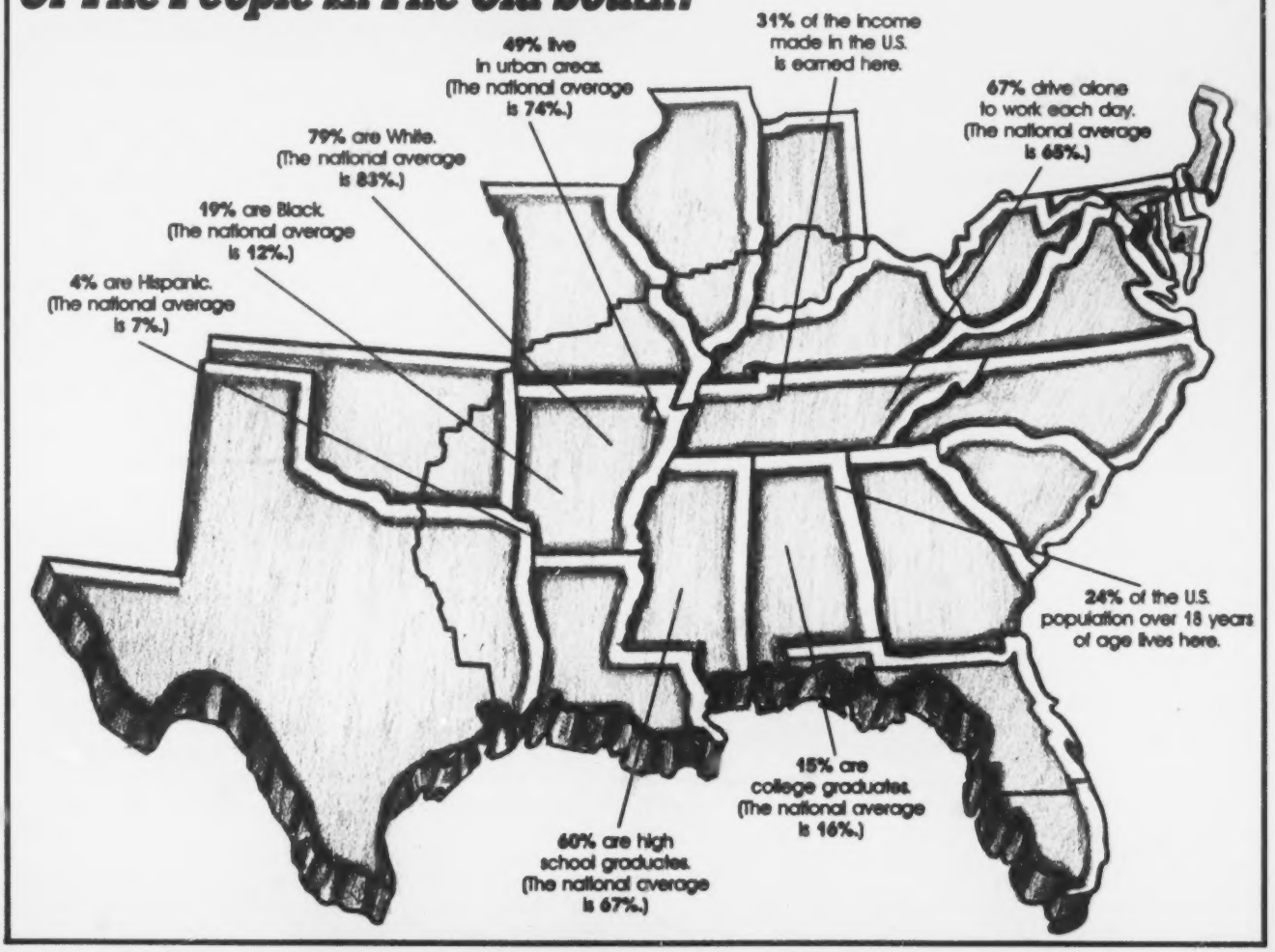
These stereotypes aren't peculiar to this century. In 1785 Thomas Jefferson, a Southerner himself, wrote that "Southerners are more indolent, generous, and hot-tempered" than Northerners.

Southerners are also more aware of their own region and themselves than most other Americans. "The South is the most distinctive major American region," Reed wrote. Its natives, he found, are less likely to visit museums, attend concerts, play sports, take pictures, or listen to most forms of music. They do like to sing themselves and listen to religious and country-and-western music. Southern social life, he says, revolves around home activities; church; and family—all at a slower pace than in other regions.

The area is different in the cars its inhabitants prefer, too. American-built large cars and pick-up trucks are the favored vehicles, although import percentages have grown here, as they have elsewhere in the country. Given these tendencies towards home activities and American-built cars, automotive DIY statistics are surprising. The percentage of people who own and are responsible for the maintenance of a vehicle and who do some automotive DIY work on it is actually the smallest of any region in the country (53.4%). This compares to a high of 66.9% in Grainbelt Central. The next lowest percentage is found in Megapolis North—that belt of cities from Washington to New York—and that is 55.2%.

Frankly, we cannot explain this unexpected fact. What we can explain is what the Old South DIYer is like. ■

Of The People In The Old South:


49% live in urban areas. (The national average is 74%.)
31% of the income made in the U.S. is earned here.
67% drive alone to work each day. (The national average is 65%.)
79% are White. (The national average is 83%.)
19% are Black. (The national average is 12%.)
4% are Hispanic. (The national average is 7%.)
24% of the U.S. population over 18 years of age lives here.
15% are college graduates. (The national average is 16%.)
60% are high school graduates. (The national average is 67%.)

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In all, 53.4% of those who live in Old South and are responsible for taking care of a motor vehicle do some of maintenance work themselves. Another 5.7% aren't actually responsible for maintaining a vehicle, yet also do-it-themselves.

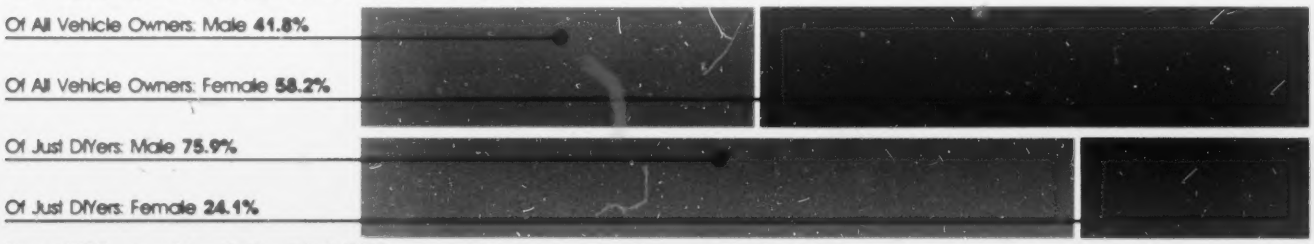
Some 12% of the Old South DIYers we talked with shop for automotive parts, chemicals, and accessories about once a month. Another 7.5% shop twice a year, obviously for seasonal maintenance efforts, while 10.3% shop four times a year.

On the whole, Old South DIYers have maintained the same automotive DIY work level, or even increased the level of work they do, over the past five years. In all, 87% of them told us this is the case. Over 33% of them expect the amount of automotive DIY work they do to increase in the future, as well.

When asked why they increased their work, 23% said it was because they had increased confidence in their DIY skills. Last year, in our *Consumer Automotive*

OLD SOUTH: SEX

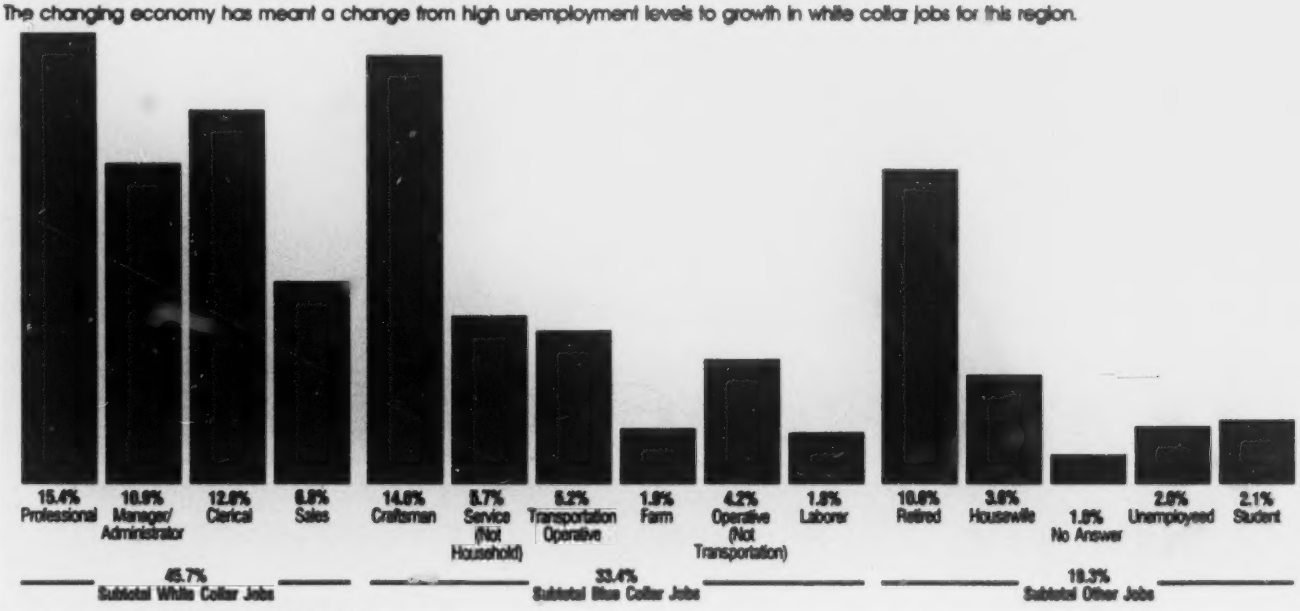
More women own vehicles, but more men do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

OLD SOUTH: DIYERS & THEIR PROFESSIONS

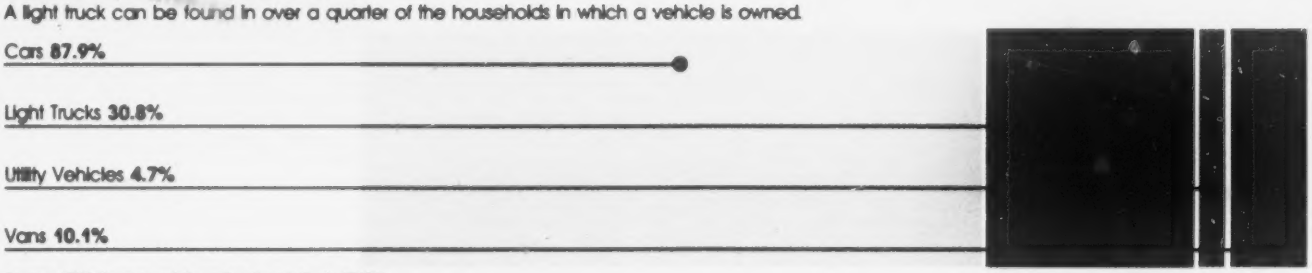
The changing economy has meant a change from high unemployment levels to growth in white collar jobs for this region.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and omitted responses

OLD SOUTH: DIYER VEHICLE TYPES

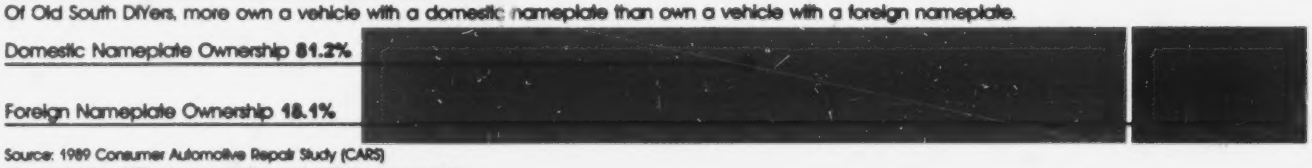
A light truck can be found in over a quarter of the households in which a vehicle is owned.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

OLD SOUTH: DIYERS & THE VEHICLES THEY OWN

Of Old South DIYers, more own a vehicle with a domestic nameplate than own a vehicle with a foreign nameplate.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple car ownership

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Repair Study (CARS), 29% of all DIYers nationally gave this as a reason for their increased DIY work.

In all, 11% said they increased their DIY level because they enjoy it. However, 20% said they enjoy doing automotive DIY work a lot and 39% enjoy it "somewhat." The rest enjoy it "not too much" (26%) or "not at all" (15%).

These latter figures may explain the fact that a significant 29% said their DIY work had increased because they had less money to spend on car maintenance.

What do they think they can do? The answer is not as much as the aftermarket retail industry would like. In all, 55% of Old South DIYers said they could do only "some" DIY jobs, while only 14% said they could do "almost no" automotive DIY jobs. Otherwise, 27% said they could do "most jobs," while 7% said they could do just about any automotive DIY job there is. ■

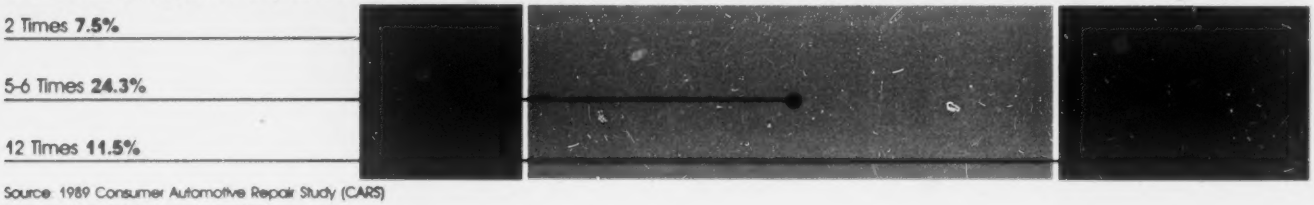
OLD SOUTH: DIYERS & THEIR VEHICLES

Domestic vehicles are the most popular among DIYers, but imports are catching up. Here's a list of the most popular makes and the percentage of Old South DIYers who own them.

Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

OLD SOUTH: SHOPPING FREQUENCIES

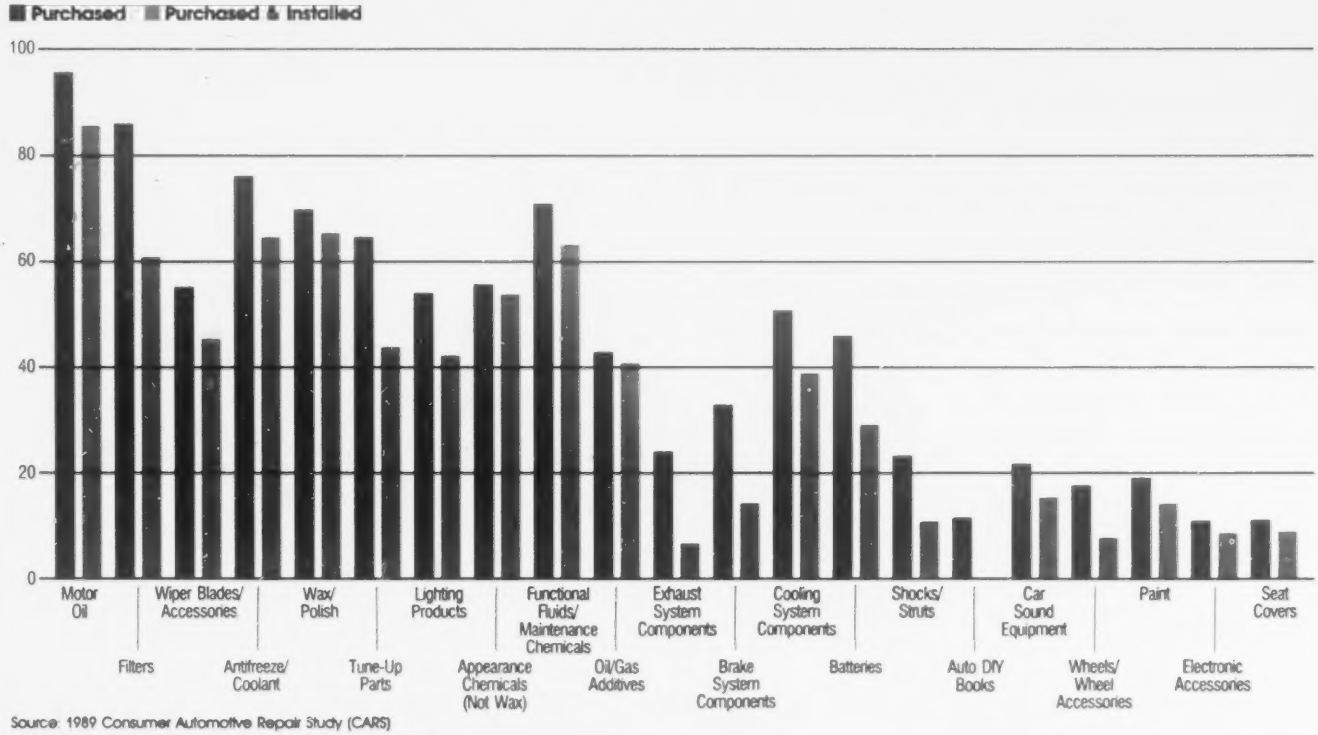
Of Old South DIYers, almost a quarter of them shop for automotive products five or six times a year. Here are the three major shopping frequencies.



Source: 1989 Consumer Automotive Repair Study (CARS)
Does not total to 100% due to omitted responses

OLD SOUTH: DIYERS & AUTOMOTIVE PRODUCTS

The easier the product is to install, the more DIYers do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

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